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TO: Economic Support Supervisors
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W-2 Agencies
Workforce Development Boards
Job Center Leads and Managers

FROM: Amy Mendel-Clemens
Technical Assistance, Training and
Education Section
Bureau of Eligibility Management
Division of Health Care Financing

BEM/DWS OPERATIONS MEMO

No: 05-31 Corrected 09-22-05

DATE: 09/12/2005

FS	<input type="checkbox"/>	MA	<input checked="" type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input type="checkbox"/>	W-2	<input type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★

PRIORITY: MEDIUM

SUBJECT: Change in Dividend And Interest Exclusion For EBD Medicaid

CROSS REFERENCE:

Section 430 of Public Law 108-203, Social Security
Protection Act of 2004
MEH Ch. 4.1.4.9

EFFECTIVE DATE:

September 26, 2005

PURPOSE

This memo outlines the changes made to the policy regarding the exclusion of interest and dividend income.

BACKGROUND

The Social Security Protection Act of 2004 (Section 430 of Public Law 108-203) provided that dividends or interest earned on resources not excluded under SSI rules or excluded under other federal statutes are excluded income for SSI benefits payable on or after July 1, 2004. Dividends or interest earned on "SSI excluded resources" may or may not be excluded income, depending upon specific SSI rules regarding each individual SSI excluded resource that earns interest or dividends.

POLICY

Under the new policy, most interest and dividend earnings will be considered excluded income and therefore, not counted when determining EBD Medicaid eligibility, or post-eligibility obligations (e.g. patient liability, cost share, or MAPP premiums).

In the event that a particular source of interest or dividend income is not excluded, the normal rules regarding the \$20.00 monthly threshold, that are described in Chapter 4.1.4.9 of the Medicaid Eligibility Handbook (MEH) would still be applied to the non-exempt interest and dividend income.

NOTE ➤ This policy change does not affect Family Medicaid cases. Family Medicaid will still count interest and dividends as non-exempt unearned income as currently described in Chapter 4.1.4.9 of the MEH.

Apply these policies for all new applications and at the next eligibility redetermination for current recipients. As you become aware of individuals whose MA eligibility was adversely impacted since **July 1, 2004**, because this new policy was not applied, you must review their cases, redetermine their eligibility and restore benefits.

The following sources of interest or dividend payments are now excluded sources of income:

1. Interest or dividend income from an EBD MA non exempt resource:
 - Savings accounts, checking accounts, stocks, bonds.
2. Medicaid resources that are exempt by federal statute other than the Social Security Act
 - Agent Orange Settlement Payments
 - Austrian Social Insurance Payments
 - Corporation for National and Community Service (CNCS) (formerly ACTION) Programs
 - Interests of Individual Indians in Trust or Restricted Lands
 - Individual Development Accounts (IDAs)-TANF Funded
 - Individual Development Accounts (IDAs)-Demonstration Project
 - Japanese-American and Aleutian Restitution Payments
 - Low Income Energy Assistance
 - Payments to Victims of Nazi Persecution
 - Netherlands WUV Payments to Victims of Persecution
 - Department of Defense (DOD) Payments to Certain Persons Captured and Interned by North Vietnam
 - Radiation Exposure Compensation Trust Fund
 - Ricky Ray Hemophilia Relief Fund
 - Payments to Veterans' Children with Certain Birth Defects

EXCEPTIONS

Most interest and dividend income from a resource that is exempt under SSI rules (and therefore an exempt resource for EBD Medicaid), will be an excluded source of income for all EBD Medicaid eligibility and post-eligibility determinations. There are however some exceptions. The following is a list of resources from which any interest and dividend income will be counted as non-exempt unearned income for EBD Medicaid:

- Interest earned on the unspent portion of Earned Income Tax Credits
- Interest earned on the unspent portion of Child Tax Credits
- Interest and dividends earned on Gifts To Children With Life Threatening Conditions
- Interest earned on the unspent portion of Federal, State, or Local Relocation Assistance Payments
- Interest earned on the unspent portion of Retroactive Social Security or SSI Payments
- Interest earned on the unspent portion of Crime Victim's Compensation Payments

Special Considerations

- Count the interest portion from Repayments of Promissory Notes or other Loan Agreements as non-exempt unearned income
- Count interest and dividend payments from an irrevocable trust as non-exempt unearned income, only when the trustee makes an actual payment of the interest or dividend to the trust beneficiary
- Exclude interest and dividends that accrue to Revocable and Irrevocable Trusts
- Exclude Life Insurance Policy interest and dividends

CARES

Four new codes have been created in CARES for Interest and Dividends. The codes are displayed on reference table TVIN. Based on the policy listed above workers should make the appropriate entry on the AFUI/Unearned income page.

RTDT		REFERENCE TABLE DISPLAY SCREEN		07/12/05 12:16	
				XCTG04 P KIERN	
TABLE ID: TVIN		TABLE DESC: UNEARNED INCOME CODES			
AGENCY : 99		EFFECTIVE DATE: 07 12 05			
KEY : CSEP		NEXT KEY: DVFM_____			
UNERN-INC	UI-DESC	FS	MA	ADC	
DV	DIVIDENDS	Y	N	Y	
IN	INTEREST	Y	N	Y	
DVED	DIVIDENDS EBD MEDICAID	N	Y	Y	
DVFM	DIVIDENDS FAMILY MEDICAID	N	Y	Y	
INED	INTEREST EBD MEDICAID	N	Y	Y	
INFM	INTEREST FAMILY MEDICAID	N	Y	Y	

DVED and INED –The amount entered using these codes will be counted in the eligibility calculation for EBD Medicaid.

INFM and DVFM – The amount entered using these codes will be counted in the eligibility calculation for Family Medicaid.

IN & DV – The amount entered using these codes will be counted in the eligibility calculation if the program of assistance uses the amount in eligibility determination process.

The following chart shows whether CARES will count or not count the specific unearned income types for the assistance programs listed.

Program of Assistance	CARES Code					
	DVED	INED	DVFM	INFM	IN	DV
EBD MA MAPP Long Term Care (Waivers, Family Care and Institutions) QMB and SLMB	Use this code to count the income	Use this code to count the income	Not Counted	Not Counted	Not Counted	Not Counted
BadgerCare Family Medicaid Healthy Start Family Planning Waiver	Not Counted	Not Counted	Use this code to count the income	Use this code to count the income	Not Counted	Not Counted
FoodShare W2 Child Care	Not Counted	Not Counted	Not Counted	Not Counted	Use this code to count the income	Use this code to count the income

Example 1: When you have an EBD MA case where dividends/interest is exempt in the eligibility determination, enter the dividend/interest with DV/IN codes. By using these codes, CARES will only count the dividend/interest for FS/W2/CC.

Example 2: If you have non-exempt dividends/interest (over \$20) and it is an EBD MA/FS case, enter it using DVED/INED **and** DV/IN codes.

Example 3: If you have non-exempt dividends/interest (over \$20) and it is a Family MA/FS case, enter it using DVFM/INFM **and** DV/IN codes.

CONTACTS

BEM CARES Information & Problem Resolution Center

★Program Categories – FS – FoodShare, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DHFS/DHCF/BEM/JE